

CAS Board Continues to Meet with Little to Show for Board's Efforts

Written by Nick Sanders
Thursday, 26 March 2020 00:00

The good news is that the CAS Board has continued to meet and is working on stuff. The bad news is that the stuff the Board is working on isn't being published.

What is being published on the Federal Register is a [meeting notice regarding](#) past meetings held in February and March, 2020. Remember, the Board's meetings are closed to the public, so all we have to go on is what they tell us in the meeting notice(s). The meeting notice linked to above identifies the tasks that the CAS Board is addressing, to include:

1.

Conformance of CAS to GAAP. The Board is discussing comments received in response to the Staff Discussion Paper (SDP) that it published literally a year ago. That's right. A year later, the Board is still discussing the public's input. In addition, the Board is discussing a possible Advance Notice of Proposed Rulemaking (ANPRM) regarding CAS 408 and 409. Finally, "more generally," the Board is discussing whether conformance of CAS to GAAP would be considered to be a cost accounting practice change under the Board's regulations and the CAS contract clauses.

1.

Application of CAS to ID/IQ and hybrid contract vehicles. The Board will "revisit" recommendations from the Section 809 Panel regarding application of CAS coverage to such contract types. This has been a known issue for about 25 years; we're very happy to hear that the Board has put it on the agenda for discussion.

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Amending the waiver threshold. Section 820 of the 2017 NDAA increased the CAS waiver threshold (the threshold under which CAS application may be waived "if the business unit of the contractor or subcontractor that will perform the work is primarily engaged in the sale of commercial items and would not otherwise be subject to CAS." The threshold was raised in the statute from \$15 million to \$100 million, but the CAS Board has not yet seen fit to revise its regulations to conform to the statute. It's only been four years—what's the hurry?

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Producing the required Annual Report to Congress. The Board was required, by public law, to submit a report to Congress regarding its activities for Government Fiscal Year 2019 (ending September 30, 2019). It's only been six months so we shouldn't be impatient, right? On the other hand, exactly how much content is there to talk about, anyway? Seems like a two- or three-page report, with pictures to fill in the blank spaces, ought to do just fine.

What's not listed in the above is the OMB request to Congress to increase the CAS applicability threshold from \$2 million to \$15 million. Had it not been for the recent [GAO report](#) on CAS Board activities, we wouldn't have known about that, because the CAS Board isn't acknowledging that it happened. Which is kind of funny, right? Because the CAS Board is an organizational element of the Office of Federal Procurement Policy (OFPP). And the OFPP is an organizational element of the OMB. So basically, the left hand is not talking about what the right hand is doing. Strange. You'd think the CAS Board would be a key stakeholder in any efforts to revise the CAS applicability threshold. Apparently, not so much.

Lots of talking; little output to show for it. We've spoken with people who are close to the CAS Board and they tell us the problem isn't the Board; the problem is the Office of Information and Regulatory Affairs (OIRA). For those who may not know, OIRA is a mandatory reviewer of proposed and final regulations. Nothing goes out without an OIRA review/approval. Apparently, that review/approval step is taking a really long time. Or so we are told. The weird thing is that OIRA is yet another organizational element of the OMB. Thus, this is yet another example of left hand/right hand dysfunctional communications.

Or so it seems to us.

Could somebody please light a fire under the chairs at the CAS Board? And maybe get them talking to other organizational elements of the OMB?

'Cause that would seem to be the thing to do here.